

# ***Socialist Action's 2007 Political Resolution***

*Approved by the Socialist Action National Committee Plenum held on*

*March 23-25 2007 in San Francisco, California*

On March 18, 2007 the war against the Iraqi people became the second longest war in U.S. history, with the ten-year slaughter in Vietnam, at a cost of 4 million Vietnamese and 57,000 American GIs dead, still topping the list regarding the duration of imperialist barbarity, arrogance and slaughter. In contrast to Vietnam, however, the stakes in Iraq for U.S. imperialism are qualitatively higher and the political/historical context of the war fundamentally different.

Vietnam took place at a time of virtually unprecedented U.S. prosperity, of a tripling of funds to public education, of a so-called "Great Society" program including important civil rights legislation, of a generalized expansion of the U.S. economy, of a narrowing of the income gap between Black and white and all this in the context of an unchallenged American imperialism that had dominated world markets since the end of the Second World War in 1945.

Vietnam was in fact more of a U.S. "cold war" effort to restrict the influence of the Soviet Union and thwart the emergence of additional workers states than it was a war where critical resources that literally fuel the world economy were at stake. It was a war fought by a still triumphant U.S. ruling class, whose enemies and allies alike had not yet recovered from WWII. Today the U.S. ruling class, in regard to its previous world economic hegemony, is in rapid decline, threatened by ever-more economically powerful capitalist competitors.

The defeat in Vietnam, however important in terms exposing the vulnerability of U.S. imperialism in the face of a determined, united and disciplined national liberation movement and a massive American anti-war movement, including its critical GI resistance component, did not shake the foundations of U.S. capitalism. It did not fundamentally alter the relationship of world imperialist forces, either among the imperialist nations or with regard to the deformed and degenerated workers states.

It must be said, however, that the U.S. defeat in Vietnam did result in the "Vietnam Syndrome," the deeply held belief of the American people that any U.S. moves to intervene abroad were to be viewed as highly suspect. This phenomenon helped to stay the hand of U.S. imperialism for almost two decades.

The present Iraq War takes place in the context of a generalized crisis of U.S. and world imperialism, of a globalized capitalist competition that continues to reduce average corporate profit rates worldwide, that has compelled a consolidation/monopolization of capital and a division between the rich and poor never before seen, that has driven the world's ruling rich to every corner of the globe for ever cheaper labor, natural resources and new military bases to maintain them.

During Vietnam era the U.S. was essentially the world's major creditor nation, with the entire world subordinate to the U.S. dollar, U.S. investment, U.S. commodities and U.S. profits. Today, as we have demonstrated in our Political Resolutions several times over the past decade and longer, the U.S. is the world's leading debtor nation to the tune of almost \$9 trillion. It runs the largest budget deficit on record and in world history. For the first time since 1929 the U.S. ran a negative accounts deficit in regard to investment income. While the U.S. has run deficits in its trade in goods every year since 1976, until last year it had still been able to record a surplus in investments. No more!

A March 2007 Associated Press report states: "The U.S. Commerce Department reported that the imbalance in the current account jumped by 8.2 per cent to \$856.7 billion (U.S.), representing a record 6.5 per cent of the total economy. It marked the fifth straight year the current account deficit set a record.

"Investment flows turned negative by \$7.3 billion from a surplus of \$11.3 billion in 2005. It was the first time investment income has been negative on records going back to 1929. That means foreigners earned more on their U.S. holdings than Americans earned on their overseas investments."

The AP article continues: "The Bush administration contends the large foreign holdings of U.S. assets are a sign of strength. But many economists worry that foreigners might suddenly decide they want to hold less in U.S. stocks, bonds and other assets."

"A rapid withdrawal could cause the value of the dollar against other currencies, as well as U.S. stock prices, to plunge while pushing interest rates higher. If the disruption were serious enough, it could push the country into a recession."

The latter is an understatement to say the least. The recent 500-point downward jolt in the Dow Jones was no accident. It evoked serious concerns at the highest levels of ruling class politics, including former Federal Reserve chief Alan Greenspan, who rang the recession warning bell loud and clear, only to be rebuked by Bush stalwarts who believe that rhetoric, not hard data, is sufficient to prevent a panic.

We live today in an era where imperialist war and intervention is the explicit policy of the U.S. Justified in the name of "fighting terrorism," the U.S. has assumed the right to intervene everywhere and at any time, from Iran to Sudan to Cuba and Venezuela to the Middle East and North Korea to the Philippines. While the U.S. stands as the sole world military superpower, all of Europe is boosting its own military expenditures, both to defend and expand previous neo-colonial conquests and in anticipation of future U.S. encroachments.

During the Vietnam era all of Europe cheered on the U.S. intervention seeing the war as a contest between their own post WWII faltering social system and an alternative that threatened, however mildly, future imperialist domination of the globe. The role of the U.S. as world cop was readily accepted, if not welcomed, especially since a weakened European capitalism, preferred to expend its resources in rebuilding its industrial infrastructure as opposed to arming itself for a war against the USSR and its Eastern European allies.

Today, all of European capitalism, with the diminishing British exception, sees the U.S. war against Iraq as a challenge to its own stability, as a threat to its access to Middle Eastern oil and as a move by U.S. imperialism to solve its own problems at the expense of its imperialist rivals.

Put another way, with the disintegration of the USSR and its Eastern European allies as workers states, along with China, Vietnam and North Korea, we are witnessing a resumption and intensification of world imperialist rivalry wherein a victory of the U.S. in Iraq represents a defeat for its international competitors. The combination of conflicting economic interests and mass pressure from below accounts for the steady moves across Europe to withdraw troops from Iraq at a time when the U.S. military effort is badly faltering.

The stakes for the U.S. in Iraq are therefore qualitatively higher. A loss there, a forced withdrawal, or remaining in the quagmire in a continual state of chaos, would represent a defeat of historic proportions. How to avoid this defeat is presently the central political and economic preoccupation in U.S. ruling circles.

The options are limited as never before. A return to the draft, to boost troop levels to the magnitude of Vietnam, 500,000 troops, as opposed to the present 160,000, in the context of the present generalized assault on U.S. workers at home, would likely spark a resistance that would, by comparison, make the Vietnam era antiwar movement look like a modest opposition. The components for a truly massive and working class-based opposition, combined with a similarly inevitable youth radicalization would open up new possibilities for struggle in every arena and

pose a threat to U.S. imperialism not seen since the 1930s. The social movements that have barely begun to emerge in opposition to capitalist environmental insanity and immigrant repression would undoubtedly find a natural home in what can only be the broadest radicalization in many decades. In short, Iraq comes at a time of rising crises that permeate every sector of American society.

The Iraq War is the most privatized war in U.S. history, with some 80,000 mercenaries hired by U.S. corporations, ostensibly to defend U.S. corporate interests, as in New Orleans, operating as semi-official combat police units independent of the control of either U.S. forces or of the those supposedly acting under the direction of the Iraqi puppet government.

An expansion of the war to Iran and/or to other Middle Eastern states, or to Africa or Latin America, would further inflame opposition in every quarter of the world and, at the same time, require still more troops.

These seemingly insurmountable problems, coupled with massive opposition to the war in the general population, have led some sectors of the ruling class to express the view that brute force alone may be insufficient to win in Iraq.

In most all previous imperialist wars, whatever the political justification, the strategic goals and tactics were simple. The employment of overwhelming military force was aimed at insuring a military victory that was followed by occupation and subsequent exploitation. In Iraq, in the face of a determined resistance, however distorted, divided and politically flawed, the greatest military power on earth cannot achieve any of its central objectives, namely, the military defeat of a virtually invisible army, the establishment of a politically stable client regime and the unimpeded extraction of oil.

The present divisions, expressed in the recent Baker/Hamilton Report and in other ruling class circles reflect this reality. Essentially, within the complex of political, economic and social relations that constitute the Middle East today, a section of the ruling class sees the need to negotiate one or another concession or deal with elements of the ruling elites inside Iraq as well as with Iran and Syria and perhaps also in Lebanon and Palestine. Other components in the ruling class tend to resist any concessions, at least at this time. They see a military solution, in time, sapping the will of the Iraqi resistance and allowing a complete U.S. victory. The Bush Administration is representative of this view.

The Rumsfeld option, to remain in Iraq with a "leaner, meaner military" went by the wayside with Rumsfeld's dismissal, a defeat for the ruling class elements who believed that the U.S. could win without supplementing the present forces with a massive infusion of new fighting forces.

No sector of America's ruling elite has any principled opposition to the present slaughter. Both support the present "surge," the clever term employed to try to assuage popular opposition with the notion that the sending of additional troops is temporary, while intensifying the slaughter. The stabilization of Baghdad, every component of the ruling class agrees, is the immediate order of the day. It is to be achieved, if possible, by the most ruthless methods yet employed, from massive rocket bombing and block-by-block destruction and occupation, to the establishment of fortresses in every neighborhood and the shooting of every person in sight. This is to be supplemented by death squad commando units designed to make clear that anyone opposing the U.S. war from any vantagepoint, will be eliminated.

Thus, the present addition of some 30,000 to 42,000 troops is a united U.S. ruling class effort to achieve an outright victory in Iraq. Rhetoric aside, including the submission of numerous bills to Congress regarding this or that form and timetable for eventual withdrawal, neither Democrats or Republicans support the immediate withdrawal of U.S. troops. Indeed, discounting this ongoing pseudo-debate orchestrated for public consumption, neither the Democrats nor Republicans

support any form of withdrawal! Even the one or two Democrats who assert an "Out Now!" position for public consumption and to disorient the politically inept and divided antiwar movement, have signed on to one or another phony bill or "non-binding" resolution calling for a phased withdrawal. Every such bill includes special provisos or conditions that negate withdrawal if the president determines that it is not possible. Virtually no one in the Congress voted to cut off funds for the war in 2004, 2005 or 2006.

Driven by the massive internal and external crises that plague U.S. capitalism today, the U.S. ruling class as a whole is driven to complete this war "successfully." The Iraq War is not the product of a moron, hateful or warmongering president or political party, but rather the inevitable result of a crisis-ridden capitalism with no other solutions available. We will return to this later in this resolution.

## **The 2008 elections**

Fully aware that U.S. and world opinion staunchly oppose the war and that its pretexts - Iraq possessing "weapons of mass destruction," or being involved, via Al Qaida, in the World Trade Center bombing - have been exposed as lies, the imperialist beast, as with Brecht's "Mother Courage," nevertheless presses on regardless of the consequences. A declining few argue that despite the lies employed to justify the war, U.S. intervention is needed to bring democracy to Iraq. The contrast between the policies of the bi-partisan warmakers and the mass of public opinion is glaring.

The most recent and inept rationalization employed by both capitalist parties to justify the war's continuation is the absurd notion that voting to cut off funds for the war will endanger U.S. troops. This is premised on the ridiculous assumption that absent funds for the war, the Bush Administration will nevertheless maintain U.S. troops in Iraq, that is, maintain troops without weapons, bullets, food, supplies, and all the rest that a modern army requires.

When confronted with the same argument during the Vietnam era the movement responded to the question, "How can the U.S. just get out of Vietnam?" with the words, "By boat!"

While the sledgehammer of military terror is daily unleashed on the Iraqi people, the ruling rich are presently turning to their well-tested periodic election charade to present a semblance of democratic discussion of the Iraq War. The American people will again be given the "choice," first in the year-long primaries and then in the general election, among and between candidates who all support the war, rhetoric and obfuscation notwithstanding.

George Bush's mid-term defeats in losing Republican majorities in both houses of the Congress were insufficient to change the course of the war, a surprise to only those who harbor illusions as to the peaceful intentions of the Democratic Party, a declining number. We are now told by the Democrats that yet another election is required after which "new and creative alternatives" to the present policy can be found. Indeed, the election charade began earlier than any time in recent memory, a full two years before Election Day, November 2008.

As with the 2004 election, the Democrats, the historic graveyard of modern social movements, plan to submit a host of candidates, designed to re-enforce the myth that the people really decide politics in the U.S. Dennis Kucinich, the "leftwing" Democrat first out of the box told a Cleveland national gathering of US Labor Against the War that he stood for immediate withdrawal. A few months later, when queried at a January 27, 2007 San Francisco rally to discuss cutting funding for the war, Kucinich responded to a question regarding his position on immediate withdrawal as follows:

"The U.S. occupation is wrong. But wouldn't it be better to have an international security and

peacekeeping force move in as our troops move out? Š If we simply leave without having a security force there, then what we're looking at is the people of Iraq being punished even moreŠ

"There is a certain amount of responsibility that we have to ensure that when we leave that there's a structure for peace that handles things until the Iraqi people can handle their own affairs.

"Ending the occupation and bringing in an international security force are not mutually exclusive. The Barbara Lee bill that I'm on says six months, but this can happen within three months from the time that we decide to end the occupation. This plan will work."

Kucinich and Lee are the "left" in the Democratic Party. In the case of Kucinich, his role, as well as other "progressives" who will enter the Democratic Party primaries in the months ahead, is to foster the illusion that the debate among the presidential candidates is real, that the result will have monumental consequences, that a progressive can and will stop the war. To this end, each candidate covers their favored constituency, registering the unwary into their war party in preparation for their promised deliverance. Of course, when the sound and fury generated by the primaries comes to a close and a capitalist candidate is chosen, the losers dutifully accept the result and urge their supporters to do the same.

Hillary Clinton and Barak Obama are more circumspect or, to be more accurate, fully prepared to support the war come hell or high water. Their assignment is to harness the "mainstream" or centrist voters while the "left" and "right" players round up the rest for the capitalist electoral shell game.

The new Senate Democratic Party majority leader Harry Reid minced no words. He stated immediately after the 2006 elections that more troops were needed in Iraq. The new House Intelligence Committee chair, chosen by House leader Nancy Pelosi, Silvestre Reyes, told Newsweek, "We're not going to have stability in Iraq until we eliminate those militias those private armies. We have to consider the need for additional troopsŠ I would say 20,000 to 30,000." The Democrats voted \$100 billion more for the war while negotiating a meaningless "non-binding" resolution opposing the "surge," with their Republican war partners.

Bush's first and central target in Iraq was to be Muqtada al-Sadr and his Mahdi Army militia, the latter known for both opposing the U.S. occupation and for taking on U.S. troops in major combat operations as well as for attacks on Sunni forces who oppose the Shiite majority government. Al Sadr is presently a member of the government and central to its hold on a majority in the U.S.-installed al Maliki parliament. But the U.S. considers both al Sadr and the al Maliki unreliable allies. If they fail to accede to the new U.S. demands for greater Sunni inclusion in the division of power and oil, it is likely that al Sadr will be "disappeared" from the scene, along with all others who fail to bend to the occupier's demands. To date, al-Sadr has indicated that he will comply.

Despite the courageous resistance organized by the Iraqi people and their absolutely inadequate bourgeois leaders, no force exists on the scene capable of compelling a principled unity against the U.S. colonial occupation, not to mention a broader unity of the Arab world against U.S. plans for absolute domination of the region.

In this vortex of contending forces the U.S. strategy is based on a combination of massive military terror in Iraq and secret negotiations involving literally all bourgeois forces in the region, from the Iranian and Syrian governments, the Lebanese Hezbollah fighters backed by Iran, the Israeli government and the Fatah, if not Hamas forces in Palestine. The U.S. is counting on the ruling class principle that each and every one of the above has a price for cooperation, especially when the alternative is facing the long arm of U.S. imperialist economic sanctions, direct or indirect military aggression and death squads secretly assigned to deal with those who resist.

Little or no help for the Iraqi cause can be expected from any of the above without a mass break

with their present bourgeois leaderships and the independent organization and mobilization of the Arab masses in a united fight for their own class interest and to rid the region of the foreign invaders and the native bourgeoisie.

The immediate prospects for such a development are admittedly slim, a central calculation in the U.S. move to send additional troops and once again seek an outright victory. But even here, the U.S. pays a price for its incapacity to forge a quick solution. Its forces are tied down in Iraq at a time when prospects for a further rise in the Latin American revolution are promising. Additionally, the contradiction between the present Iraq War policy and the mass opposition inside the U.S. fosters increasing doubt as to the legitimacy of the government itself, thus opening the door a bit wider to the independent organization of the American people to fight the war and to defend their immediate class interests in other arenas at the same time.

Again, the present leadership forces on the U.S. scene capable of coalescing such a movement are terribly inadequate, to say the least. The leadership void, both in the antiwar movement itself and in the labor and social movements is unprecedented.

The present antiwar misleadership in virtually all its major components has set its sights on a Democratic Party presidency in 2008. It is once again preparing to subordinate the independent mobilization of the broad forces opposing the war to the election of "liberal" Democrats, or, as in 2004, "anyone but the Republicans." The phenomenon of many of the movement's central leaders supporting a Kerry presidency is likely to be repeated.

The strategy and tactics of Socialist Action in the fight to bring about an alternative outcome will be covered in a separate plenum report prepared by Chris G.

## **The U.S. economy**

The pundits of U.S. capitalism are fond of noting that business profits have been rising dramatically for the past 17 quarters, that U.S. capitalism is growing steadily. This fact is true, but deceptive. The great proportion of this growth is in the financial sector of the economy, that is, banks and Wall Street financial houses. The speculative boom in an unprecedented array of stocks, bonds and other financial instruments has created a new generation of millionaires and billionaires who gleefully grant themselves record multi-billion dollar bonuses to celebrate their achievements. So excessive have these bonuses been that even sectors of the ruling rich have taken umbrage. *But industrial profits in general, and in the manufacturing sector in particular, have been dismal or in the negative.*

The surplus value extracted from labor, the real source of profit in Marxist, or materialist terms, shows no significant increase. In critical industries like auto and steel, real profits are declining. The massive accumulation of capital by the financial sector is not being reinvested in new technology and equipment to create new surplus value.

Marx referred to capital accumulated through various forms of speculation as "fictitious capital," that is, capital having no equivalent in the production of commodities. A major portion of this has been invested in property speculation or in China and India where "super-profits" are extracted from a super-exploited labor force.

Today, over fifty percent of the top 500 U.S. multi-national corporations earn over half their profits from overseas operations. A substantial minority earns more than 75 percent from overseas operations. They do so, according to the laws of capitalist development explained by Marx, in an effort to combat the overall tendency inherent in capitalism of the average rate of profit to decline. They go to China or to India or other nations where wage levels are at or below poverty levels, where compliant governments essentially provide a repressed labor force, often existing at barely

subsistence or less than subsistence living standards.

But even with these competitive advantages, achieved at the expense of hundreds of millions of workers in poor nations around the globe, profit rates continue to decline simply because U.S. competitors, facing the same declining profit rates at home, resort to the same cheap labor sources abroad, thus, in time, in shorter and shorter time intervals, negating the temporary advantage achieved by being first on the scene.

The ruling rich of the world know no limits when it comes to defending their profit system. Whether it be wars of conquest and plunder abroad or robbing working people at home, the goal is the same, the preservation of private property for profit and the accumulation capital to keep the decaying system going.

Nothing else is sacred in this barbaric system. Whatever norms of "civility" were operative in the past today go by the wayside. Corporate taxation, the norm for funding government operations prior to World War II is rapidly declining, with an unending series of tax breaks legislated to transfer ever increasing billions from working people to the ruling rich. Jack Rasmus, author of "The War at Home" calculates since approximately 2000 there has been an annual shift of \$1 trillion from the 105 million workers that constitute the bottom 80 percent of income levels to the top one percent. The shift includes tax breaks for the rich, cuts in healthcare and pensions and more.

Indeed, in many cases, corporation taxes have been eliminated outright via the simple transfer of corporate headquarters to far off places, tax havens, like the Cayman Islands or Bermuda.

## **The role of corruption**

According to a six-country survey of 350 multi-national corporations (MNC) reported by Latin American scholar James Petras and published jointly by the law firm Control Risks and Simmons and Simmons, "a third of international companies think they failed to win new business over the past year because of bribery of their competitors." (Financial Times, Oct. 9, '06)

Petras continues, "Moreover most MNC and banks engage in corrupt practices through intermediaries. If we include direct and indirect forms of corruption then it turns out that in some countries 9 out of 10 corporations engage in corruption. According to the survey, "about three quarters of the countries, including 94 percent in Germany and 90 percent in Britain think businesses from their countries use agents to circumvent anti-corruption laws." (Financial Times, Oct. 9, '06)

In short, corruption, that is, bribing public officials or otherwise circumventing the law, like war and non-payment of taxes, are the rule not the exception in U.S. and world capitalism today. In the case of corruption, the devise is employed with impunity and serves as just another aspect of the competitive process, just another "cost of production."

## **The Housing Bubble**

A major factor in promoting the "growth" in the U.S. economy has been the massive and artificial inflation of housing values, promoted by government action to lower interest rates and related action by lending institutions to grant mortgages to both "qualified" and unqualified or "subprime" buyers. The associated use of home equity loans, that is, loans designed to increase consumer spending based on highly-inflated housing values, has for some time now been a motor force in the U.S. and world economy. The devise has literally freed up trillions of dollars to purchase U.S. commodities as well as their counterparts around the world.



From 2001 to 2004 alone Americans cashed out almost \$500 billion in home equity loans. Living on credit is the norm in the U.S. today. The average family spends 2.4 percent more than total family income.

Today, the housing bubble is deflating. Average housing prices are falling while mortgage rates and rents are rising. Mortgage foreclosures have or threaten to reach proportions that are unprecedented since the Great Depression. "The percentage of San Francisco Bay Area subprime borrowers who fell behind on payments jumped to 23 percent in the last three months of 2006 from 11 percent in that same period a year earlier (San Francisco Chronicle, March 13, 2007).

A glimpse into the coming crisis was reported in the March 3, 2006 New York Times:

"Federal prosecutors and securities regulators," says the Times, "are investigating stock sales and accounting errors at New Century Corporation, the biggest mortgage company that specializes in lending to people with weak, or subprime credit, the company disclosed in a corporate report filed yesterday.

"The troubles at New Century," [which said that it would restate its earnings for the past three quarters], "are the latest sign in the deterioration in subprime lending - until recently the fastest-growing segment of the mortgage business. The market has been struggling to contain the fallout from rising default rates and weakening home prices."

The article continues: "Initially smaller and now the bigger mortgage companies have been experiencing problems. Late last year, some smaller lenders started going out of business and last month several bigger companies, including New Century, started reporting problems."

The New Century story echoes the scandals that plagued the stock market and the U.S. economy more generally some five years ago when generalized accounting fraud and insider trading revealed that the bright financial picture reported by many leading corporations had nothing to do with either corporate growth or profits or a stable economy.

New Century, like the others before them, cooked the books to keep its stock prices artificially high while its top executives bailed out when the going was good. New Century, which wrote \$39.9 billion in mortgages in 2005, saw its shares fall from \$30 since the start of the year to \$1.66 on March 12, when it became clear that the company was near bankruptcy.

Seeking to play the financial wizardry game to the hilt, New Century had been converting its mortgage income money to high risk bonds, further exacerbating its troubles.

We need not go into the housing bubble further at this point. It suffices to say that for most homeowners, some 59 percent of the U.S. population, a collapse of the housing market undermines a major, if not *the* major source of family financial stability.

A March 13, 2007 *San Francisco Chronicle News Service* article reported that: "As many as 2.2 million families around the country could lose their homes to foreclosure in the next few years, according to an estimate from the Center for Responsible Lending, a nonprofit advocacy group."

The article, quoting a specialist in the field, continued: "Congress can't wait for that many families to foreclose. The economic impacts for communities and for the country could be devastating."

The loss in home equity will not easily be compensated for by workers laboring harder and longer. U.S. workers, with the exception of England, already work longer than any of their counterparts in industrialized nations. They work 20 percent more hours than the French. This alone, a major lengthening of the workday coupled with an intensification of the labor process

with fewer benefits and pensions is key in explaining why U.S. profit rates, however feeble, have been higher than Europe.

Thus, the key factor in maintaining present, but flagging U.S. and worldwide growth rates, consumer spending, is now operating in reverse. Alan Greenspan was far from alone in his recent warning of a recession. While the word "depression" has been informally banned from the vocabulary of modern day capitalist economists, the present evolution of the system has all the earmarks of a coming meltdown.

## **US share of world GDP declines**

The U.S. share of world gross domestic product has fallen from 31 percent in 2000 to 27.7 percent in 2006. At the same time the BRIC nations, Brazil, Russia, India and China, rose to 11 percent from 7.8. China's share alone is 5.4 percent.

The share of world financial markets dominated by the dollar is weakening in favor of the euro.

From 2002 to 2005 the U.S. accounted for 34-40 percent of the world's economic growth, according to Goldman Sachs. But in the second half of 2006 BRIC's contribution to global growth was slightly greater than the U.S. for the first time. In 2007, the US will account for just 20 percent of world economic growth as compared to about 30 percent for BRIC. (Data from James McNeil, head of global economic research for London office of Goldman Sachs.)

A Jan. 28 *NYT* article attempted to put a positive spin of this new phenomenon: "More broadly," said *The Times*, the fact that economies that were closed to outside investment for a generation are now creating systems of market capitalism should be seen as a victory for the U.S. not a defeat." In truth the growth achieved abroad, however much it may profit U.S. capitalists, is at the direct expense of the U.S. economy as a whole. And the economic decline in the U.S. will in turn have repercussion abroad.

Capitalism's inherent and periodic crises of overproduction, as Marx pointed out, result in an overall, that is worldwide stagnation in growth accompanied by an average decline in most all profit rates. Whatever temporary gains are achieved in the BRIC nations in regard to growth are in large part due to access to the U.S. market. With the deflation of the housing bubble coupled with the massive attacks on U.S. workers across the board, including the off-shoring of a million high wage jobs a year, the projected decline in the growth of the U.S. economy can only be expected to spark similar or greater declines in the rest of the world.

## **The struggle for immigrant rights**

The virulence of the present and ongoing ICE raids is additional testimony to the crisis of capitalism. Finding that whatever competitive advantage was gained by shifting production abroad to low wage/slave wage nations was diminished by U.S. imperialism's rivals following suit, the struggle for ever cheap labor has shifted back to the U.S. with a vengeance. Just as the compulsion to introduce ever new and revolutionary technology into the productive process brings the first capitalists on the scene a temporary advantage, that advantage is negated when the rest of the pack follow suit.

To date, an estimated 18,000 immigrants have been arrested as part of the unprecedented and often police-assisted ICE raids that separate family and leave children virtually helpless while ushering tens of thousands to Halliburton-contracted concentration camps in Texas and elsewhere. The methods employed are designed to institute a reign of terror across the country, to intimidate and divide. The result is intended to be the creation of a permanent and isolated sector of the U.S. workforce that dare not consider collective action.

A corollary to this is the downward pressure exerted on all wage rates in the U.S. The division of the working class based on race and national origin, immigrant and citizen is no accident or a product of abstract racist views. It is designed to, as soon as possible, shift overall wage rates paid to the lowest ranks of the working class. This time around, however, immigrants are not only in the employers' sights for low wage jobs in agriculture and domestic service, but for the entire range of jobs in the U.S. economy, from highly-skilled construction workers to jobs in the basic industries that produce the major portions of surplus value.

The example of the once highly-unionized and top wage building and construction trades unions makes this point in bold relief. Over the past three decades or so these have become a shadow of their former selves. The unemployment rate in this sector approaches the highest in the nation, exceeding ten percent.

The contemplated construction of a multi-billion dollar transportation corridor, the NAFTA Corridor, from Mexico to Canada is a case in point that has yet to come to the attention of the broad workers movement. In order to both qualitatively increase the efficiency of the present U.S. commercial transportation system, including a qualitative reduction of labor costs, the ruling rich plan to construct a quarter-mile wide, north/south, multi-lane rail and highway system designed to undermine the present heavily-unionized rail and trucking industry. The project includes the substitution of Mexican ports for U.S. and the associated use of non-union, low wage Mexican and Latin American workers for relatively better paid Teamsters and Longshore workers.

The ICE raids reveal an aspect of the present labor force that has not been generally known. As we have reported in our press, the country is bursting with slave labor-type factories where the poor of the world are herded and forced to labor at subhuman conditions without the slightest protection.

Indeed, when the ICE raid's enforcers enter the scene, the last question to be asked, if at all, is whether the arrested workers have been paid.

We have covered the horror associated with these raids in our newspaper. Our comrades have jumped into the struggle to defend the victims in several parts of the country. We have learned that a number of these originate from Latin American countries, where U.S. neo-liberal policies and political repression is well known and where organized resistance movements have won mass support to combat it. There is also an impressive awareness of the struggles in Cuba and/or Venezuela and Bolivia, where capitalist prerogatives have been or are being challenged. An initial small layer of fighters is emerging in the U.S. to play leading roles in the coming struggles. A not unimportant but still small layer are turning to socialist politics and organizations, including Socialist Action.

The present raids take place in the context of a congressional debate over immigration policy, with the major sectors of the ruling class lining up behind one or another variant of "guest worker" or "new worker" bills designed to create a special caste in the U.S. working class, a group of workers who labor at the mercy of the employer, who are subject to immediate deportation and compelled to work at the lowest wage rates.

Of course, the existence of such a workforce exerts a massive downward pressure on all U.S. wages. When workers with papers, that is, U.S. citizens, threaten strike action, they will more likely be faced with an employer/government-organized pool of desperate immigrants who are expected to be more than willing to take any job available.

It is no coincidence that key ICE raids have been conducted where union organizing drives are in progress.

The crisis for the entire labor movement conjures up images of the 1930s when union organizing

drives and strike action was often met with employer moves to use Black workers from the South to counter union efforts. The history of that period need not be repeated other than to note that the only effective method ever employed to defeat employer strike-breaking was the organization of Black workers into the newly-formed unions with full rights of membership. Where racism and protectionist attitudes in the white working class were dominant, union organization was undermined or failed outright.

When class-conscious fighters won a hearing in these early struggles and Blacks were welcomed into the unions, the entire class advanced to new levels of combativity and power. The history of the labor movement is replete with examples.

There are real limitations on the ability of the U.S. ruling class to export jobs. Critical sectors of the economy like the transportation and building construction industries cannot be moved, not to mention a myriad of others. Second, the tendency toward equalization of wages abroad that diminishes initial competitive advantages brings to the fore the economic disadvantages of paying substantial transportation costs to bring foreign-made products back to the U.S. market. And finally, the continual loss of jobs at home tends toward a radicalization of the U.S. labor force. The dynamic of the capitalist profit system is replete with such contradictions. As the process unfolds the result is always new and deeper crises for the capitalists and increasing misery for its working class victims.

For now, the present intensity of the moves against immigrants is a reflection of the fact that capitalists have learned well that the partially delayed overall assault on all U.S. workers must now proceed at a more rapid pace. From their vantage point, a victory against immigrants and their institutionalized or legal subjugation as "guest workers," also accompanied by terror, is another major step toward greater victories against the entire U.S. working class.

The mobilization of an estimated five million immigrants on May 1, 2006 frightened the ruling rich. The present ICE raids are at least in part designed to avoid a repetition.

The importance of this struggle requires a special report and discussion at this plenum. Jason M. of our Connecticut branch will take on this assignment and introduce us to a range of ideas of how to best become involved and advance the cause of our beleaguered immigrant sisters and brothers under attack.

## **The state of the trade unions**

Andy Stern's book, "A Country that Works: Getting America Back on Track," has stirred considerable interest among sectors of the U.S. ruling class. Stern, the Service Employees International Union's (SEIU) top official, was central to the unwarranted and bureaucratic split in the AFL-CIO a few years ago. At that time the naïve or blind in the rapidly declining U.S. trade union movement believed that Stern was the "left-wing" of the trade union hierarchy. Few hold that position today.

Former President William Clinton praised Stern's book for its proposals on health care. Wal-Mart executives also think that Stern is on the mark. Wal-Mart, the world's largest retailer and among the largest corporations in the world, joined Stern to publicly announce a healthcare partnership to provide "universal healthcare coverage." Wal-Mart has repeatedly stated, of course, that it has no intention of contributing to this effort.

"Team USA, workers and corporations working hand in hand against competitors around the world," is Andy Stern's motto. His praise from Clinton, whose failed healthcare proposals were the centerpiece of his first term as president, were no accident. Clinton attracted the attention of Fortune 500 corporations when he announced in 1993 that the American healthcare system

needed a fundamental overhaul to make U.S. corporations more competitive in world markets. He based this on the fact that at that time 12 percent of the average U.S. corporation's payroll went to healthcare, with big corporations like General Motors paying 17 percent. Various forms of socialized medicine in Europe and Japan left corporations in these places with zero healthcare costs.

Clinton's extremely vague plan never saw the light of day because more intelligent sections of the ruling class had figured out better ways to reduce or eliminate corporate healthcare costs and shift the burden even more directly to working people.

But Stern conjured up Clinton for the same purpose -- to help U.S. corporations reduce healthcare costs to make them more competitive. Of course, Clinton and his advocates argued that his plan would create more jobs in the U.S. and pass along some of the corporate savings to workers. The latter two presumptions have been proven to be fundamentally flawed by the entire history of the workers' movement.

But Stern is no fool. He has no intention of organizing anything resembling a fight for workers' interests. He is among the proponents of the "guest worker programs" we have already discussed. Stern, the modern day "labor lieutenant of capitalism" figures that he can trade his support for healthcare plan reductions for the present workforce for agreements with government and employers to allow the unionization of the legally constituted pools of guest workers. This labor faker plans to collect dues from these super-exploited workers to maintain the present privileges of the union bureaucracy. Of course, Stern will pay more than lip service to whatever bills are presented by his friends in Congress that relieve employers of health care obligations while passing on the burden to workers.

Even without guest worker programs, the SEIU in California and other states has already made similar arrangements with employers and state governments that allow for the "unionization" of government-created and dues-generating healthcare "bargaining units" in return for union support to various bills that transfer state funds to corporate hands while essentially guaranteeing no union actions that infringe on profits. The UFW has negotiated similar contracts in the state of Washington, with state and employer approval to provide a fig-leaf of union protection to agricultural corporations that import Thai workers at virtually slave labor wages and working conditions.

A recent Wall Street Journal article quoted Stern as follows: "We must try to be partners with our employers, who have told us we should change our understanding of their competitive issues and try to add value, not create problems"

Stern continues: *"Unions need to appreciate there are ways we can add value and can be helpful. This is especially the case in relation to healthcare. The employer-based health care system is dead. It's a relic of the industrial economy, and it makes corporations unable to compete fairly when America is the only country that asks its employers to put the price of healthcare on the cost of its products."* (Emphasis added)

Crystallized in this short paragraph is virtually everything backward and corrupt in Stern and the vast majority of today's union officialdom.

Historically, the mission of unions has been to subtract, not add, value that is, human labor power, worker's labor, to the boss's profits.

Stern is among the first to proclaim the death of the employer-based healthcare system. The only real "flaw," using the term loosely, in this system is that it is not universal. That is, the U.S. labor movement, unlike their counterparts in Europe and elsewhere, never forced all employers and their government to pay for healthcare. Instead, the misleaders of American labor, in their best

days, led struggles that extracted healthcare from individual employers, all to the good. But the same bureaucracy never fought the capitalist state that represents the employing class as a whole for universal, free healthcare.

Stern's proclamation that employer-based healthcare is dead, absent any serious union plan to fight for government paid healthcare by taxing the rich, is a lethal blow to all U.S. workers. The truth is even worse. Stern's plan, at best, aims at workers purchasing their own healthcare, perhaps with some government tax breaks to soften the blow. Similar schemes, like Clinton's 1993 plan, envision increasing taxes on working people to pay for healthcare.

When European workers fought for and won socialized medicine it was not financed by universal worker taxation. It was based on forcing the capitalist states to tax the hell out of employers to provide healthcare for all.

The strategic basis of the fight for socialized or government-paid healthcare for all in Europe consisting in strike action on a national scale to *force* "employers to put the price of healthcare on the cost of its products," or, more accurately, on the cost of production. In England, the "force" emanated from a near revolutionary and angry working class that had experienced first hand the capitulation of the European bourgeoisie to fascism and its acquiescence to the Hitlerite occupation of Western Europe. In France, the near revolutionary upsurge in 1936 forced the Popular Front government to grant national health care. The rise of the mass socialist movement in Germany at the time of the earlier Bismarck regime did the same.

In an example of self-humiliation that is new to even the present layer of trade union bureaucrats, Stern categorically rejects "asking" employers to contribute to any form of healthcare.

Note that Stern uses the term, "a relic of the industrial economy" as if the still most powerful capitalist nation on earth, the U.S., no longer has an industrial economy. Here again, Stern accepts a malignant capitalist assumption of the present era, that is, that U.S. corporations can and will produce industrial products outside its borders with impunity and essentially, if not inevitably, convert this country into a low-wage service sector-based nation. Andy Stern sees a place for himself and the Service Employees International Union in this set-up. His outlook, identification with the plight of a failing and predatory capitalism, compels him to offer up the hard won gains of working people to help save the system that has oppressed and exploited workers for centuries. But Andy Stern-type "leaders" are the rule, not the exception in the trade union movement today.

A March 2, 2007, *Wall Street Journal* article recounts the same phenomenon in another union. It reads, "For years, Jerry Sullivan, head of the largest UAW local at Ford Motor Co. [Local 600] fought for higher pay, job protections and limits on the work his members had to do.

"But in the past year, as Ford teetered financially, the 59-year-old Vietnam veteran has changed course. These days he has urged his members to accept the outsourcing of company factory jobs to lower paid [non-union] workers, and to work new shifts without the tens of thousands dollars in overtime that they would have formerly earned."

Ford, which lost \$12.7 billion last year and has closed and will continue to close auto plants across the country, has been asking local officials, with UAW encouragement, to sign separate agreements that negate important contract provisions. The gleeful *Journal* article returns to Sullivan's conclusion, "If this company goes down, I want to be able to look myself in the mirror and say I did everything I could." As with the rest of the bureaucracy, "everything" means the near-obliteration of the union contract in the name of preserving the viability of a capitalist corporation. Sullivan's "everything," of course, excludes one thing, strike action or class struggle politics in any form.

The politics and practice of Andy Stern and Jerry Sullivan, two convenient examples that happen to be in the news today, are more or less representative of the movement's overall state of impotence. These misleaders see the trade unions' future, and perhaps more accurately their own, as intimately tied to the success of American capitalism. Over the course of the past several decades, with few exceptions, they have subordinated the unions' most pressing needs to capitalist/reformist schemes to keep corporations profitable. They have or must become, they believe, "partners" with the bosses. They grant "concessions" to the bosses to keep them afloat. They support the boss's political parties, mostly the Democrats, and beg for the most modest of concessions.

## **"Trade Union in the Epoch of Imperialist Decay"**

"Trade Unions in the Epoch of Imperialist Decay" is the title of Trotsky's insightful and partially-completed 1940 pamphlet. It was written at a time when the immediate potential for a real fight based on powerful unions that had fought for and won important victories less than a decade earlier was within the immediate reach of the labor movement. Trotsky argued effectively that trade unions will either become instruments of revolutionary change or be absorbed into the institutions of the capitalist state. In his time, with fascism on the rise and Hitler in power in Germany, and with World War II in progress in Europe, that is precisely what happened in the Axis nations. In the Allied imperialist "democracies" opposing Hitler, the unions became essentially subordinate to the war policies of the bourgeois state; in the U.S. this included immediately after the war with Japan commenced in 1941, a "no strike" pledge and "voluntary" wage freeze while war-profiteering capitalists flourished.

Earlier in this report we referred to the breathing spell achieved by U.S. capitalism following its victory in World War II and the associated destruction of the economies of their enemies and allies alike. The post-World War II order that raised U.S. capitalism to the pinnacle of its power came at the expense of an imperialist war that took the lives of 84 million workers and that re-divided the colonial and semi-colonial world to the advantage of the victors.

We have often recorded the complex of events that molded the U.S. trade unions from the end of that war to the present. It is not our intention to repeat this important history. We will limit ourselves to the broad generalization that the intensified attacks on every gain of the labor movement over the past 60 years more or less parallel the rebuilding of the conquered and/or devastated nations and the resumption and intensification of imperialist rivalry.

Today, however, even at their lowest level of organization in the past 100-plus years, and saddled with a bureaucracy that exceeds in its craven adherence to capitalism and undemocratic functioning any before it, the ruling class still see the union movement as an obstacle to their struggle for survival, if not supremacy in world markets.

A few in the socialist movement, perhaps in jest or frustration, used to postulate that the ruling rich prefer the current bureaucracy to the outright abolition or smashing of the unions, the latter option perhaps serving to open the door to new and independent (of the capitalist state) forms of organization and the emergence of a fighting leadership.

It is clear that this kind of idle speculation, with an unstated half-wish that the bosses succeed, was more a reflection of demoralization at the prospect of effectively engaging in the difficult and long-term work involved in reinvigorating the unions than it was an accurate insight to the future. As crippled as the trade unions are, their past achievements, still codified in contracts that preserve important gains despite decades of concessions, remain an obstacle to a failing capitalism. Equally important, the trade unions still organize key sectors of the economy. When they decide to fight, and in time and with a new leadership, they will, they retain the capacity to shut the nation down and inspire the broad working class that a fighting union movement can win

and is a critical ally of every progressive social struggle.

We are quite a way off from that day, but even farther away is the mistaken idea that the unions today can be bypassed with abstract calls for new forms of organization without the working class muscle to make them a reality. This is not to say that new forms of working class organization will not emerge. We may see them in the immigrant rights movement as changes in the nature of the existing workers' centers open up new possibilities. Or they may appear in other forms, - in left splits from the existing labor federations or in new formations altogether. We have no way of predicting which variant or combination of variants will open the door to a class struggle fightback.

But the most likely variant for a new direction for labor is the one we have seen before, in the 1930s, the rejuvenation of the labor movement under the impact of traumatic attacks on the broad working class and in the context of the growth of revolutionary currents capable of challenging the trade union status quo and helping to organize and lead a class struggle leftwing current to confront the boss class head on. Again, the construction of the initial nucleus and then the broad ranks of a revolutionary socialist party, of Socialist Action and other currents that demonstrate the validity of their program in practice, will prove critical to any break with the present trajectory toward deeper and deeper defeats.

The conditions for all of the above developments are maturing under the hammer blows of a crisis ridden capitalism. What we do now to prepare for them is essential to our future and to the class struggle in general.

Trotsky's analysis was designed to explain a hard fact of capitalist development, its absolute need to eliminate any and all obstacles to the accumulation of capital by any means necessary. Today these means include the destruction of the environment to the detriment of hundreds of millions of the earth's inhabitants, never-ending war and the reduction of the people's of the world to a poverty never seen before. They also include the reduction of the trade unions to near total impotence, that is, incapable of defending even the most elementary interest of workers, giving up virtually all past gains. This is central to the present ruling class agenda.

Trotsky's insight was aimed at fighting for a revolutionary program and class struggle methods inside the unions rather than at providing a rationale for abandoning them, no matter how decrepit, as some ultralefts have done.

Today, union power and influence has declined to the point where the vast majority of the working class stand outside any form of organization. That too will change in the years ahead.

The tendency in capitalist development toward the incorporation of the unions into the bourgeois state or the outright destruction of the unions holds true for other mass organizations of the working class, including reformist political parties like the social democracy in Europe. The latter are experiencing the same process of "bourgeoisification," ever more serving the interests of capital and becoming less and less recognizable as instruments to defend working class interests.

Our comrades in Europe have judged that in some instances, various social democratic parties can no longer be considered as class organizations of the workers, due to the change in their social composition, not to mention their bourgeois program. As a consequence, they no longer offer these parties "critical support" in election contests on the grounds that they are indistinguishable from the traditional bourgeois parties.

We have made no such judgments, lacking the facts and experience to accurately gauge the state of degeneration of the social democracy in Europe. But posing the question itself highlights our main point, that is, in the present era of imperialist crisis reformism in both the unions and in the political arena, has little or no future. The European social democracy stands discredited as it



is ever more identified with capitalist austerity, as with the Tony Blair "Labor Party" government in England. U.S. trade unions, ever in search of a partnership with capital, have reached the lowest numerical levels of organization in the past century.

In the trade unions, however, there is an important point to consider. These organizations remain workers' organizations in social composition. In the case of social democratic parties, this is not at all clear, with many essentially consisting of middle class politicians accompanied by an ever-declining layer of workers organized in unions. In the trade unions, the social composition has not changed, requiring us to retain our class designation, despite the pitiful nature of the present leadership. In the same vein absent real working class alternatives, that is the rise of new union organizations, we are compelled to participate in the present unions, however difficult, and do the best we can to win the ranks to class struggle politics.

We view as positive, but still limited, the emergence of the Labor Party and its achievement of ballot status in South Carolina and the emergence of trade union-based organizations like U.S. Labor Against the War, the latter proving capable of organizing significant labor contingents in national antiwar demonstrations based on the critical and principled "Out Now!" demand. USLAW's role in making possible a message of solidarity delivered by USLAW leader Fred Mason on behalf of the AFL-CIO's president to the January 27, 2007 UFPJ-initiated national antiwar march in Washington was an important contribution to building the fight against the war in Iraq.

## **The attack on civil liberties**

We have written much on the cases of Lynne Stewart and Mumia Abu-Jamal as well as the broad attacks on fundamental civil liberties and democratic rights incorporated in the Patriot Act, the 1996 Anti-terrorism and Effective Death Act and related reactionary legislation. Today we add to the list of government encroachment on rights that were won hundreds of years ago, the 2006 Military Commissions Act obliterating habeas corpus, legislation creating concentration camp type detention centers in the U.S., laws opening the door for the use of U.S. troops against domestic unrest inside the U.S. and now even more extensive legislation virtually eliminating the right to habeas corpus. In a real sense the latter puts us back to a time, at least in regard to non-citizens anywhere in the world, when a monarch could order the arrest and imprisonment of virtually anyone and deny that person the right to appeal to any court. It is not clear whether the present day U.S. would-be monarch, in the name of national security, intends to use the same kind of legislation against U.S. citizens.

The combined effect these laws is to put into place a "legal" basis for future mass repression. The ruling class elites harbor no illusions that their aims can be fully achieved without the use of force. History teaches them and us that workers must and will fight back when they have no alternative, when that special point in their lives is reached when acquiescence to a system that reduces them to a totally unacceptable state of being compels them to act. That point, when the "I can make it by myself" becomes "Only we fighting together can win" must come.

The ruthless and certainly not stupid ruling class representatives in charge of maintaining the "public order" are fully aware that the reactionary legislation already in place will prove insufficient when a challenge emerges from a consciously-led mass force. The ruling rich, in accord with the iron laws of history will not limit themselves to the formalities of the legal or judicial system. It is now readying to respond with force and violence. When its democratic trappings prove useless to derail powerful challenges to its very rule, it will inevitably turn to Jack London's "Iron Heel," to fascism, to save its beleaguered and dying system.

The government-ordered Halliburton detention centers are not only meant for immigrants without papers or to house and then deport those who cross U.S. borders in search of work. Neither are

they primarily designed to further pad the record profits of an 86-year old corporation, whose 2006 net income of \$2.4 billion last year was its best performance ever.

They are meant to house, persecute, torture and even murder the most effective of the emerging leaderships and revolutionary political parties that aim to challenge capitalism itself. This includes Socialist Action in the same way as it included the Socialist Workers Party in 1941, when the reactionary Smith Act was passed by Franklin Roosevelt's Democratic Party-controlled congress and employed against the Trotskyists who, seven years earlier, had led the 1934 Minneapolis Teamster strikes that provided a critical impetus to the 1937 formation of the CIO. In 1941 the Smith Act was employed to arrest and imprison the central leadership of the SWP, eighteen comrades who has distinguished themselves in the class struggle as well as in their opposition to U.S. plans to enter World War II.

The best and only defense the revolutionary movement has against the inevitable government attempts at its repression is its deep and intimate connection and involvement with a rising and revolutionary-oriented worker's movement, allied with the rising movements of all the oppressed and exploited and imbued with a degree of solidarity not seen in this country for some seven decades.

For now, our involvement in struggles to challenge all reactionary legislation is essential. The credentials we win here, as with our work in every arena, provide the basis for the recruitment of the new generation of fighters who will take their place in the leadership of the big battles to come.

The present attacks, as always, are conducted in the name of "defending the national security interests" of the United States. By "national security" the ruling class means their class's national security, their state power, their capital, their system of repression, hate, racism and sexism, not ours. The distinction is essential as we seek to convince working people that their interests have nothing in common with the boss's.

The success that Socialist Action has already achieved in defending the civil liberties and democratic rights of Lynne Stewart and Mumia Abu-Jamal, of the Cuban Five and the Black Panther 8, of the torture victims in Guantanamo, the victims of racism during and in the aftermath of Katrina, of immigrant workers, political prisoners, of victims of police brutality and racist police murder, of Blacks, Latinos and women - capitalism's specially oppressed and exploited - of the youth whose prospects for a better future are in steep decline, of the gay and lesbian rights movement, and all the rest, is essential to the construction of the kind of multi-national, multi-racial, inclusive party of revolutionary fighters capable of meeting the challenges ahead.

## **The tempo of the Latin American Revolution**

It is not our intention at this plenum to significantly update our views on important struggles in Latin America or to present a separate report. We have thoroughly covered in our press the unfolding events in Mexico, Bolivia and Venezuela for some time now as well as the continued advances of the Cuban Revolution.

Here, it is sufficient to limit ourselves to a few important conclusions based on Gerry Foley's informative articles and the past two Political and International Resolutions

## **Mexican election fraud and Oaxaca**

The year 2006 saw in Mexico the largest mobilizations of working people and the poor in any country in Latin America. The demonstrations against the July election fraud that challenged the rightwing capitalist PAN candidate Felipe Calderon's stealing of the presidency from his

bourgeois opponent, the PRD's Andres Lopez Obrador, were massive, including at one point 2.5 million people in Mexico City.

Our sister party, the United Socialist League (LUS), correctly supported these mobilizations for elementary democratic rights, including the right to a legitimate election, without extending any form of support to Lopez Obrador or the PRD. These mobilizations forced Lopez Obrador to call a National Democratic Convention in September where the millions present essentially ratified Lopez Obrador's presidency.

The event was designed to conjure up the example of the early 20th century revolutionary actions that toppled Mexico's semi-feudal dictatorship. But the modern day bourgeoisie had no intention of toppling any bourgeois government.

The stealing of the presidency is far from a first in Mexico, a nation with a long history, 70-plus years, of one-party PRI rule, election fraud as well as death squad murders and disappearances of the politically dissident.

The Mexican events took place in the context of a generalized radicalization in Latin America fueled by the deepening imperialist looting of the continent and the associated yawning gap between the mass of the poor, workers, peasants and indigenous peoples and the small layer of rich that absorb an increasing portion of the social surplus.

The Oaxaca events were sparked by a May statewide teacher's strike of tens of thousands aimed at improved pay and working conditions and a raising of the minimum wage for all, the latter demand serving to cement support for the striking teachers among the broad masses. The strike was met with massive repression, including murders and disappearances. The response was the formation of the Popular Assembly of the Peoples of Oaxaca (APPO) and the seizure of the city of Oaxaca, the capital of the Mexican state of the same name.

One and half million Oaxacans had demonstrated against the corrupt governor, Ulises Ruiz, who had also secured his election by fraud and who had first used local police to crush the strike, then state police and finally on November 25, with the support of PRI and PRD Oaxaca senators, called in federal troops to crush the movement.

At least six APPO supporters were murdered on that day. Hundreds were arrested, including former Oaxaca PRD head and APPO leader Flavio Sosa in Mexico City, following Calderon's assumption to the presidency on December 1. In the days that followed some 20 more were murdered and 30 others were "disappeared" or killed.

During the height of the Oaxaca events, repeated mass mobilizations were able to repel police attacks, retake significant portions of the city and occupy and operate a university radio stations as well as other radio and television facilities. Again, this was in the face of police murders and mass repression. APPO leaders organized huge contingents to join the mass mobilizations in Mexico City against the Calderon election fraud and sought to spread their movement there and nationally.

The APPO sought to operate as an independent soviet-type structure, with democratic elections of its leadership, immediate recall and decisions made dealing with a broad range of social issues. While the APPO's politics were to the left of the PRD, the influence of the latter was significant. Similarly, central leaders of the teacher's union preferred to support Lopez Obrador's presidential campaign. They were also successful in winning an acceptance vote for an inferior contract days before the federal intervention, although many teachers refused to return to work.

Most of the country's PRD leaders abstained from the struggle or opposed Lopez Obrador's challenge outright, preferring mild protests or total submission to the fraud to the national

mobilization of the masses aimed at a struggle for political power. Lopez Obrador himself remained within bourgeois limits, preaching non-violence and refraining from appeals to Mexico's workers and peasant for strike action or any other move that would give the appearance of a real struggle for power.

The absence of a mass revolutionary party in Oaxaca and nationally severely limited the movement's capacity to expand and crystallize the mass power that was in the streets without an experienced leadership. Indeed, the absence of a revolutionary party was central to the movement's demise as were illusions that any bourgeois force in Mexico, or anywhere else in the world, could play a revolutionary role in the mobilization of the masses for any significant challenge to the capitalist order.

But such a party is never built overnight. The best of the revolutionary forces, including the LUS, participated in the struggle to the best of their ability, learned from the experience and established new links to the masses. Mexico 2006 once again demonstrated the willingness of the masses to fight. It is just a matter of time until a revolutionary leadership is constructed that proves capable of channeling this energy and anger at the bourgeois order in a socialist direction.

## **Venezuela in limbo**

The mass radicalization in Latin America is the most promising development in the world today. And of all the governments that have been raised into office on the back of this wave of revolt, the Venezuelan regime of Hugo Chavez is the most outspokenly anti-imperialist. For this reason it has raised great hopes in the left. We are also hopeful. But we realize that it is essential to analyze the Venezuelan experience critically. We remember that in the past period of radicalization in the underdeveloped world, many leaders and governments adopted very radical stances but ended up defusing the radicalization in their countries rather than leading it to a conclusion in a socialist revolution.

It is clear that the Hugo Chavez government retains mass support among Venezuela's poor and working class population and that Chavez has instituted, often independently of this government, several social measures in the areas of health and education that have significantly benefited important sections of the nation's poor. His statement of intention to substitute the Bolivarian Circles or community councils for the present bourgeois government indicates that he is well aware of the mass discontent with the present parliamentary institutions of the Parties of the Fifth Republic and their bureaucratic apparatuses. But to date these councils, virtually dependent on Chavez's largess, are extremely limited with regard to substantial decision-making.

It is evident that Chavez's relations with Cuba, including exchanging cheap oil for education and medical personnel, has greatly benefited both nations. Chavez has on occasion proclaimed his adherence to the ideas of Trotsky and permanent revolution. Chavez's references to socialism, coupled with the important advances Venezuela has achieved, serve to legitimize socialist ideas and perspectives. However, to the extent that his words are not matched by socialist deeds, in the long run the opposite might well be the result, that is, the discrediting of socialism by its association with the measures of a capitalist regime.

The advances in education and healthcare have largely been obtained via the massive spike in world oil prices, as opposed to any structural changes in the economic underpinnings of Venezuelan society. There has been no major land reform. The vast proportion of the land put to productive use, and even so-called land not in production is still owned by the former ruling rich and/or foreign corporations. The old ruling class elite essentially retains ownership or control of the nation's banks, financial institutions and even important portions of the nation's oil.

We have followed developments in Venezuela closely. The recent oil nationalizations in the

Orinoco River area as well as the utility nationalizations have been accomplished with full compensation to the imperialists. Nothing has been expropriated. The price paid is full market value. The Chavez government simply purchased some 60 percent of the stock. In the case of the utilities, the purchase amounted to a return to the policies of previous Venezuelan governments.

The issue of nationalizations from the vantage point of the distribution of wealth has always been a complicated matter. "The devil is in the details" as the saying goes. And it is almost always the capitalist corporations and their legal specialists who write the details, while the general lines or consequences are approved by usually politically conscious capitalist state representatives.

In the ex-USSR, for example, important Russian oil resources were sold to imperialist corporations, the U.S. in particular, on the basis of "Profit Sharing Agreements" (PSAs). These are based on agreements that the imperialist corporations will first deduct all of their so-called expenses related to oil production - that is, labor costs, technology, refining and transportation as well as a multitude of other "costs of production." What remains is designated "profit," an amount to be divided between the corporation and the government that has "nationalized" their oil or other hydrocarbon resources.

In the event of disputes, the agreements usually prohibit resolution through Russian courts. These are presumed to be biased. Instead, the aggrieved party, always the state owner of the "nationalized" oil, must resort to an international arbitration agency. The latter is little more than a tool of the imperialists.

PSAs in several countries have amounted to little more than devices to benefit imperialist corporations and a small layer of the local capitalist elites, whose services resulted in the original deal.

Few, if any people have access to the fine print of the agreements that have been negotiated or are under discussion in Venezuela. But in Venezuela the repeated promises of the Chavez administration that imperialist oil companies will not be expropriated, combined with the fact that there have been few complaints from these corporations, indicate that the financial gains to Venezuela and losses to imperialists have been minor, at best. To date all foreign oil corporations have been able to operate at a rate of profit sufficient to mute whatever criticisms they have.

More recently, however, as negotiations proceed between Venezuelan authorities and the powerful international oil corporations who have major interests in the Orinoco region, the Chavez government has threatened some outright expropriations to pressure the foreign corporations for a better deal. The nature of any agreements reached are usually reported in broad outline. It is rare that precise information is made available for public scrutiny.

To date, we must make clear that we have no knowledge of the critical terms that are operative in Venezuela's oil contracts today, including whether Venezuela's agreements resemble the worst forms of PSAs that benefit foreign capital or, also possible, agreements that largely benefit the Venezuelan state. But the fact that the state itself remains capitalist tells us that the issue of how oil income will be distributed is far from resolved.

We know from experience that the vast number of agreements reached with the world's major oil corporations are to the disadvantage of the oil-producing nation, excepting the major national capitalists whose interests are protected by the state over which it presides. A serious move by the Chavez government to expropriate foreign oil interests with little or no compensation, coupled with a move to seriously challenge the oil profits of Venezuela's national bourgeoisie, would signal a change that revolutionaries would be bound to lend the greatest attention.

## **"Worker's control"**

A recent report by the International Marxist Tendency (the Grant/Wood group which tends toward uncritical support to Chavez) indicates that only a single plant remains of the several that had been previously operated on the basis of one or more forms of "workers control" or "co-management." All of the other projects have been abandoned or disbanded. Here too, the worker's control experiments were more often than not occupations of inefficient or abandoned plants or factories where various "co-management" schemes were employed that proved to be incapable of generating a profit sufficient for the state to continue its operation. The IMT article indicates that various forms of bureaucratic intervention by state officials and the absence of an organized opposition among workers accounted for the retreat. Indeed, the entire concept of workers control or co-management rapidly loses its meaning when the state itself remains in capitalist hands and when workers are reduced to assisting in the management of plants that must compete against others in an overall capitalist framework. In short, the concept of workers control absent an aroused and organized working class with a conscious leadership oriented to socialist revolution can easily become little more than empty rhetoric.

## **United Socialist Party of Venezuela**

The announcement that Hugo Chavez had formed a new United Socialist Party of Venezuela has not been followed by any statements or other information regarding the program of this party or a precise date when the party congress will be convened. Chavez has stated that his new party will be open to national capitalists.

Three parties associated with the Bolivarian Fifth Republican government have announced their withdrawal - PODEMOS, Fatherland for All and the CP - with the latter stating that they were withholding a decision until the new party's program was released, or at least, perhaps, a draft of that program. Under these conditions, it certainly seems premature to grant Chavez's new party any form of support, especially when support to it was almost immediately announced by the discredited Movement for the Fifth Republic, the bourgeois party on which Chavez has based his government.

Chavez's recent tour of Latin America was aimed at undermining President Bush's tour at the same time. Chavez focused on promoting unity in Latin America against American imperialist domination. It is highly unusual for any Latin American leader to take on a president of the U.S. in such a direct manner. Our newspaper covered the tour, estimating that Chavez got the better of the venture and that President Bush gained nothing. Chavez's activities included speaking at a mass demonstration in Montevideo, Uruguay across the Rio Plata River from Buenos Aires, Argentina, where President Bush was visiting. Inside Argentina, President Kirchner facilitated a Chavez mass rally at a major sports stadium, where Chavez was enthusiastically received.

In Haiti, he was afforded a similar welcome, although his failure to comment on the policies of Latin American countries that currently provide troops for the imperialist occupation of Haiti, including Brazil, was noted by serious observers, including important Trotskyist currents in Latin America.

In summary, while we remain open to and will support any future developments in Venezuela that indicate that a real challenge to capitalist prerogatives is in the making, we do not see any of the recent measures as indicating that, rhetoric aside, these are on Chavez's agenda.

We retain with full force our view that Venezuela remains a capitalist state with a capitalist government. We support the construction of a revolutionary socialist party in Venezuela to advance the political development of the working class and its allies, to mobilize the working masses to defend and advance their interests and to organize for the revolutionary construction of a socialist society.

Given the important contradictions in Venezuela today, including the Chavez-led mass mobilizations that thwarted previous imperialist efforts to destabilize and/or overthrow his government and Chavez's overwhelming defeat of the imperialist-backed referendum that sought his ouster by other means, we cannot rule out momentous changes in the period ahead, including a sharp turn in a revolutionary direction.

Over a year ago we noted in our Political Resolution at that time that we had not explicitly urged a "No" vote on the U.S.-backed referendum to remove Chavez. Our correction was important to inform our ranks that we hold no sectarian views that prevent us from recognizing genuine advances, if not qualitative changes, in Venezuela that would point to moves to establish a workers' and farmers' government and an associated advance toward the abolition of capitalism. But, we see no such advances today.

Lacking any forces on the ground in Venezuela to advance our views, our role has been restricted to participation in united front-type coalitions aimed at opposing any form of U.S. intervention in Venezuela and supporting Venezuela's right to self-determination. That is our central responsibility in this country.

## **Bolivia's hydrocarbon "nationalization"**

At the level of government Bolivian capitalism remains in a political logjam, the product of a Constituent Assembly whose rules require a two-thirds majority for any major changes that could effect the great mass of the population. The Evo Morales government has refrained from any mass mobilizations that challenge the power of this Constituent Assembly, whose national bourgeoisie retains essential veto power. It has been largely reduced to a format for debate with no possibility of serving as a political vehicle at the service of the workers and peasants. Whatever efforts to mobilize mass support that have been undertaken by Morales have been subordinated to threats by the still powerful ruling oligarchs to use force to defend their interests.

The Morales government has defaulted essentially in its pledge to nationalize the gas and other fossil fuel resources of the country. Morales's original hydrocarbon minister, Andres Soliz Rada, who favored a nationalization that would fundamentally alter the ownership of Bolivian hydrocarbons in favor of the new government, has resigned his post in protest, stating that the agreements reached with foreign oil corporations were to the detriment of Bolivia's national economy.

The industry today operates with essentially the same management that presided prior to Morales' election. The 2006 Morales government "renegotiation" and "nationalization" agreements with imperialist oil corporations effectively legalized the previously illegal operations of these corporations and guaranteed their right to extremely profitable and continued exploration and exploitation of Bolivian hydrocarbons. A fictitious or nominal value added tax has been placed on the proceeds from oil production, an agreement without much substance that has been used by Morales to hype his government's policies.

As with Venezuela, Bolivia's future lies in the capacity of the worker and peasant masses to construct and strengthen independent mass organizations aimed at educating and mobilizing the oppressed and exploited to challenge ruling class prerogatives and fight for a socialist future.

## **Palestine at an impasse**

Under the impact of the U.S.-imposed and Israeli enforced embargo/blockade and war against the Palestinian people, for the first time ever, major sections of the Palestinian population have become demoralized regarding prospects for any form of effective fightback.

Fueled by constant Israeli attacks and assassination squad murders, by an embargo that has made the importation of food and/or the growing or sale of food extremely difficult, by an unemployment rate that approaches 70 percent, by total Israeli control of the basic necessities of life, including water, there has been a growing and massive exodus of Palestinians from what remains of their historic homeland.

The incapacity of the opposing factions of the Palestinian Authority, Hamas and Fatah, to form anything resembling a stable government capable of organizing any form of resistance has exacerbated the plight of the long oppressed Palestinians. It was this imperialist-promoted and Israeli implemented crisis that led the Hezbollah fighters in Lebanon to launch a rocket attack on Israel, inflicting minor damage or casualties on both property and the Israeli civilian population.

We have written widely on the war that followed, with Israel saturation bombing destroying major portions of Lebanon while reducing hundreds of thousands of Lebanese to refugee status. What was not expected by the imperialist forces was the significant capacity of the Hezbollah fighters to resist the Israeli intervention and to inflict major casualties on the previously invincible Israeli military forces.

So stunned was the Bush Administration at the failure of the Israeli Army to swiftly still the well-prepared Hezbollah militia that it delayed political intervention to stop the war for several days, granting their Israeli surrogates additional time to try to accomplish their central military goal, the complete annihilation of the Hezbollah. It was only when this proved impossible that the U.S. intervened to essentially impose a ceasefire and the withdrawal of the battered Israeli forces.

The Israel defeat, more significant in its political impact than its military consequences, sets the stage for future U.S.-backed Israel incursions in Lebanon and the Middle East more generally.

The war demonstrated once again that the issue of Palestine is inseparable from both the U.S. war against Iraq and the overall U.S. imperialist policy in the Middle East. We will return to this in our separate report and discussion on the fight against U.S. imperialist war.

We will conclude this section with an observation that the continued U.S.-backed Israeli horrors inflicted on the people of Palestine, coupled with the never-ending construction of Israeli settlements on Palestinian land has had the unexpected effect of significantly undermining the notion that a "two-state" solution has any viability. What remains of the original, or historic, Palestine is no longer considered by any serious observers, not to mention the overwhelming majority of the Palestinian people, to be a viable state entity. In this context, Israel is increasingly seen as the Zionist, colonial, settler state in the service of U.S. imperialism that it is. A renewed interest in and support for a democratic and secular Palestine is the result. But it is a result that derives from a defeat, from decades of defeat despite the incredible and courageous Intifada resistance. The recognition that imperialist-backed Israel will never accede to any form of viable Palestinian state, not to mention the restoration of the pre-1947 Palestinian homeland, derives from this defeat as opposed to a massive and united movement of the oppressed Palestinians and their potential allies in the Middle East to win Palestine's liberation from settler rule..

Socialist Action continues to support the demand a democratic and secular Palestine while we simultaneously support all struggles for a united socialist Middle East.

## **The coming environmental catastrophe**

A March 3, 2007 *New York Times* headline summarizes U.S. ruling class policy in a brief six words. The headline reads, "U.S. Predicting Steady Increase in Emissions"



Entitled, "United States Climate Action Report," the document's release was delayed for a year by the Bush Administration. According to the Times it was "given by an [unnamed] government employee to an [unnamed] reporter." *The Times'* awkward phrasing was designed to imply that it received the text through less than official channels.

The document's central assertion is that, "The administration's climate policy will result in emissions [that cause global warming] growing 11 percent in 2012 from 2002." In the previous decade, that is, from 1992 to 2002, emissions grew at a rate of 11.6 percent, according to the Environmental Protection Agency." In short, and leaving aside the likelihood that the above figures were fudged to some extent to lessen the intensity of their impact, the government has absolutely no plan to cut the rate of greenhouse gas emissions. The government stands squarely opposed to many of the world's most prominent scientists who insist that the implementation of serious plans to rapidly cut the expected greenhouse gas emission rate by some 70 percent, starting now, is necessary to maintain the earth's ecological balance and prevent catastrophe.

A major report a few weeks earlier, that virtually no scientist in the world disputed, affirmed that global warming was no longer a theory but a confirmed fact. Exxon Mobile, reversing its previous position, agreed. The world's largest oil corporation, if it were a nation, would be the world's sixth largest producer of CO<sub>2</sub> and other greenhouse gases. Exxon, for the public record, agreed to take measures to join the environmental movement to fight global warming. But few, if any, believe, that it will counterpose its unprecedented fossil fuel-based profits, among the largest of all corporations, for the good of the earth.

Indeed, a front page article in the March 5, 2007 *New York Times* entitled, "Oil Innovations Pump New Life Into Old Wells" reported that significant technological breakthroughs in the extraction of oil and other sources of fossil fuel from previously mined locations today make it possible to return to these locations and extract oil at highly profitable rates of return. The quantity of these previously unavailable fossil fuels is staggering, pushing Hubbert's curve significantly forward, that is, giving the world's fossil fuel industry even more time to destroy the planet's fundamental ecosystems. *The Times* aptly quoted an oil industry specialist who stated bluntly that with the current price of oil no one in the industry can refrain from utilizing the new technology, global warming notwithstanding.

We have written widely on this subject and therefore need not review here the horrendous effects that global warming will wreak on the planet, other than to say that the future of vast portions of humanity is at stake. But a few critical points in regard to the immediacy of the crisis are well worth our consideration.

First, it is now known that global warming will not progress on the basis of regular or roughly equal relatively small yearly increases in global temperature. A series of "positive feedback mechanisms," according to scientists like James Lovelock, "amplify the earth warming tendency." Lovelock states: "The destructive effect of increasing global temperatures on ocean algae and tropical forests (on top of the direct removal of the forests) will, it is feared, reduce the capacity of the oceans and forests to absorb carbon dioxide, raising the global temperature still further. The freeing up and release into the atmosphere of enormous quantities of methane (a greenhouse has twenty-four times as potent as carbon dioxide) as the permafrost of the arctic tundra thaws due to global warming, constitutes another such vicious spiral. Just as ominous, the reduction of the earth's reflectivity as melting [reflective] white ice at the poles is replaced with [heat absorbing] blue seawater, is threatening to ratchet-up global temperatures."

Second, in regard to what appears as the most immediate threat to humanity, a NASA-associated scientist and one of the earliest global warming experts, James Hansen, points to, "the destabilization of the ice sheets in Greenland and Antarctica." This will almost certainly lead to a rise in sea level by as much as 80 feet, he asserts. "We have," Hansen says, "at most ten years - not ten years to decide upon action but ten years to alter fundamentally the trajectory of

greenhouse gas emissions."

The above data is contained in "The Ecology of Destruction" an insightful article by John Bellamy Foster in the February 2007 issue of *Monthly Review*. Bellamy, *MR* editor and a leading Marxist economist and ecologist, affirms that this ten-year period will determine "if we are to prevent such disastrous outcomes from becoming inevitable."

Bellamy concludes, "One crucial decade separates us from irreversible changes that could produce a very different world. There is no longer any doubt that global warming represents a crisis of earth-shaking proportions."

Third, the global warming crisis comes on top of the already lethal blows that capitalism has leveled on the planet. Bellamy provides a frightening list including, "extinction of species, loss of genetic diversity, acid rain, nuclear contamination, tropical deforestation, the elimination of climax forests, wetland destruction, soil erosion, desertification, floods, famine, the despoliation of lakes, streams and rivers, the drawing down and contamination of ground waters, the pollution of coastal waters and estuaries, the destruction of coral reefs, oil spills, overfishing, expanding landfills, toxic wastes, the poisonous effects of insecticides and herbicides, exposure to hazards on the job, urban congestion, and the depletion of nonrenewable resources." One could add to the list the fact some 50,000 carcinogens are employed daily in the normal course of capitalist production.

Kristen A. Hellmer, A White House spokeswoman on environmental matters, according to the NYT, "defended Mr. Bush's climate policy. Saying that the president was committed to actions like moderating gasoline use and researching alternative energy that limited climate risks while also increasing the country's energy and national security. She said Mr. Bush remained satisfied with voluntary measures to slow emissions."

The Times article went on to quote Myron Ebell, director of the Competitive Enterprise Institute, "a group aligned with industries fighting curbs on greenhouse gases." Said Mr. Ebell, according to The Times, "Mr. Bush was right to acknowledge the inevitability of growing emissions in a country with a growing population and economy. Ebell added that the U.S. was doing better in slowing emissions than many countries that had joined the Kyoto Protocol."

The evidence is in on global warming. It is also in on the attitude toward it of every capitalist nation on earth. Not one has the slightest intention of fundamentally altering any aspect of the system of capitalist production. The U.S. war on Iraq says everything we need to know on this question. A major imperialist war is fought for the subjection of Iraq and the extended influence of American imperialism over a resource, whose continued extensive use threatens life on earth as we know it.

Ian Angus, the author of the excellent line article in the March 2007 issue of *Socialist Action*, "Confronting the climate change crisis," aptly concludes: "Only an economy that is organized for human needs, not profit has any chance of slowing climate change and reversing the damage that's already been done. Only democratic socialist planning can overcome the problems caused by capitalist anarchy."

The same can and must be said of every crisis the world faces today, from ongoing imperialist war, including nuclear war, never-ending attacks of every kind on working people across the globe to the threatened near extinction of human life and on earth.

In regard to global warming Angus concludes: "But that doesn't mean we should wait for socialism to challenge the polluters. On the contrary, we can and must fight for change today. It's possible to win important gains, and building a movement to stop climate change can be an important part of building a movement for socialism." Angus suggests some essential demands to serve as the core political basis for this movement.

Today, as never before, the fight for every gain, the fight to organize resistance in all forms to capitalist greed, plunder, repression, war and environmental catastrophe, serves to educate about the fundamental origin and cause of all these plagues on humanity.

Our method centers on the promotion of proletarian forms of struggle, that is, on the independent organization of massive and united action on the part of capitalism's victims to fight for their own interests, for their own freedom and liberation. "Capitalism creates its own gravediggers," said Marx a long while ago. Our job is to organize the gravediggers, the working class and all its allies among the oppressed and exploited into a fighting force to challenge the day to day incursions on their lives. In the process, we build our revolutionary nucleus to recruit the best fighters and awaken them to the cause of socialism, the cause of all humanity.